



# Innovation Procurement

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HORIZON 2020



# **A. DEFINITIONS/INTRODUCTION**



# Innovation in Public Procurement

Directive 2014/24/EU (art.2 par.22) defines innovation as

“the implementation of  
a new or significantly improved product, service or process,  
including but not limited to production, building or construction  
processes, a new marketing method, or a new organizational method  
in business practices, workplace organization or external relations  
inter alia with the purpose of helping to solve societal challenges or to  
support the Europe 2020 strategy for smart, sustainable and inclusive  
growth”;



# What is Innovation Procurement

## Commission notice C(2018) 3051 :

“Innovation procurement” refers to any procurement that **has one or both** of the following aspects:

- buying the process of innovation** – research and development services – with (partial) outcomes;
- buying the outcomes of innovation.**



# **Buying the process of innovation – research and development services – with (partial) outcomes**

The public buyer buys the research and development services of products, services or processes, which do not exist yet.

The public buyer describes its need, prompting businesses and researchers to develop innovative products, services or processes to meet the need.



# Buying the outcomes of innovation

The public buyer,  
instead of buying off-the-shelf,  
acts as an **early adopter** and buys a  
product, service or process  
that is new to the market and contains  
substantially novel characteristics



# Early adopters

Early adopters refers **to the first 20% customers** on the market that are buying a new or significantly improved product, service or process.

This includes procurements of products, services or processes that have already been demonstrated on a small scale, and may be nearly or already in small quantity on the market, but that have not been widely adopted by the market yet.

This also includes existing solutions that are to be utilized in a new and innovative way.

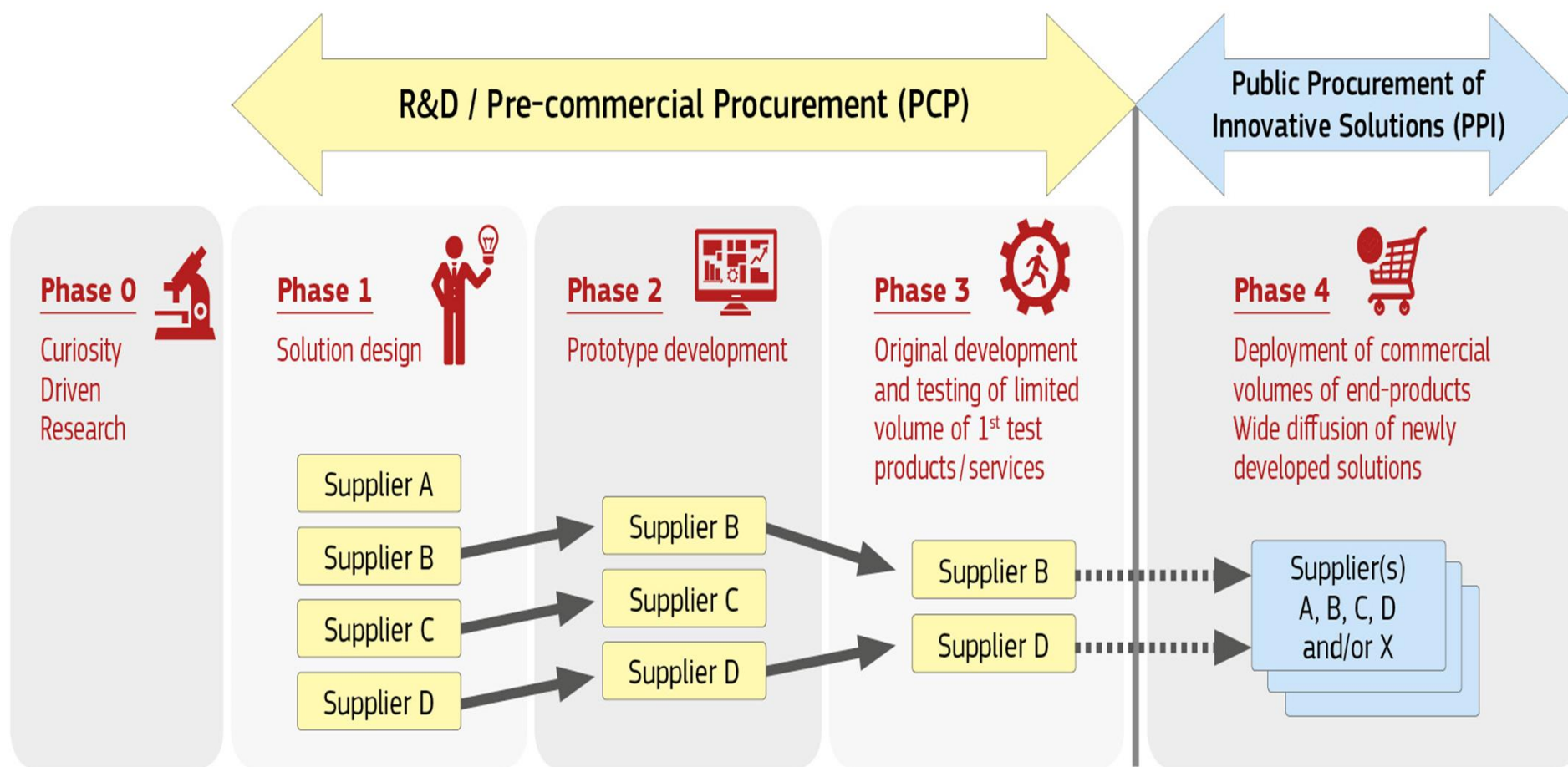


## **B. POSSIBLE TYPES OF INNOVATION PROCUREMENT**





# **1. PRE-COMMERCIAL PROCUREMENT (PCP)**





## **2. Procurement of R&D services. Procurer keeps the ownership of generated IPRs**



## **Keeping ownership of IPRs in Procurements of R&D services**

In this case, the technical specifications of any follow up public procurement procedure can build on the result of such research and development contract.

It is also possible that the public buyer decides to license the new intellectual property rights to all interested parties free of charge with the objective of stimulating further innovation.

The license terms may provide that any further innovation based on those intellectual property rights should be made available to other interested parties free or charge.



### 3. Procuring research and development supplies / Negotiated Procedure without Publication

Directive 2014/24 Article 32 par.3

**Negotiated procedure without prior publication** may be used for public supply contracts:

(a) where the products involved are manufactured purely for the purpose of research, experimentation, study or development; however, contracts awarded pursuant to this point **shall not include quantity production to establish commercial viability or to recover research and development costs;**



## **4. PUBLIC PROCUREMENT OF INNOVATIVE SOLUTIONS (PPI)**



## **PUBLIC PROCUREMENT OF INNOVATIVE SOLUTIONS (PPI)**

- Public sector buys innovative solutions acting as an early adopter for innovative goods or services which are not yet available on large scale commercial basis
  - PPI contains also the deployment of the purchased innovative solution
  - R&D stays out of the scope of the PPI
  - PPI may include conformance testing before the awarding of the contract
- Testing to determine whether a product or system or just a medium complies with the requirements of a PPI procurement specification (or regulation)



## Framework of PPI

- EU Procurement Directives are applicable – where applicable - / EU Remedies Directives are also applicable
- Any type of procurement described in the EU Procurement Directives can be chosen for its implementation – **No Innovation Partnerships**
- PCP/PPI - Legally separated procurements. PCP may or may not precede a PPI
- Early notifications (through PINs) about the intention to buy trigger the market
- Open market consultations/meet the buyers events help the communication of the need/call for tenders  
(Market consultations art.40 Dir 2014/24/EU, Art.58 2014/25/EU)
- Aggregation of demand though joint procurements – and cross-border - (articles 38/39 Dir 2014/24/EU and art. 56/57 Dir.2014/25/EU) for the benefit of procurers/market





# **5. INNOVATION PARTNERSHIPS**



# INNOVATION PARTNERSHIPS

*Article 31 Directive 2014/24 -Article 49 Directive 2014/25*

- **Content:** Combination of the purchase of R&D and the subsequent purchase of the resulting supplies, services or works in one procedure
- **Set up:** The procurer may decide to set up the innovation partnership with one or several suppliers
- **Execution :** Innovation partnerships are structured in successive phases following the sequence of steps in the R&I
- **Termination:** procurer may decide after each phase to terminate the innovation partnership or, in the case of an innovation partnership with several partners, to reduce the number of partners by terminating individual contracts, provided that the contracting authority has indicated in the procurement documents such possibilities / conditions.



**C. Benchmarking of national  
innovation procurement policy  
frameworks  
findings of the Study : Smart  
0040/2016**



## 10 Indicators

- 1. Definition of Innovation Procurement*
- 2. Horizontal policies*
- 3. ICT policy*
- 4. Sectorial policies*
- 5. Action Plan*
- 6. Spending target*
- 7. Monitoring system*
- 8. Incentives*
- 9. Capacity building and assistance measures*
- 10. Innovation friendly public procurement markets*



## Indicator 1 – Official definition

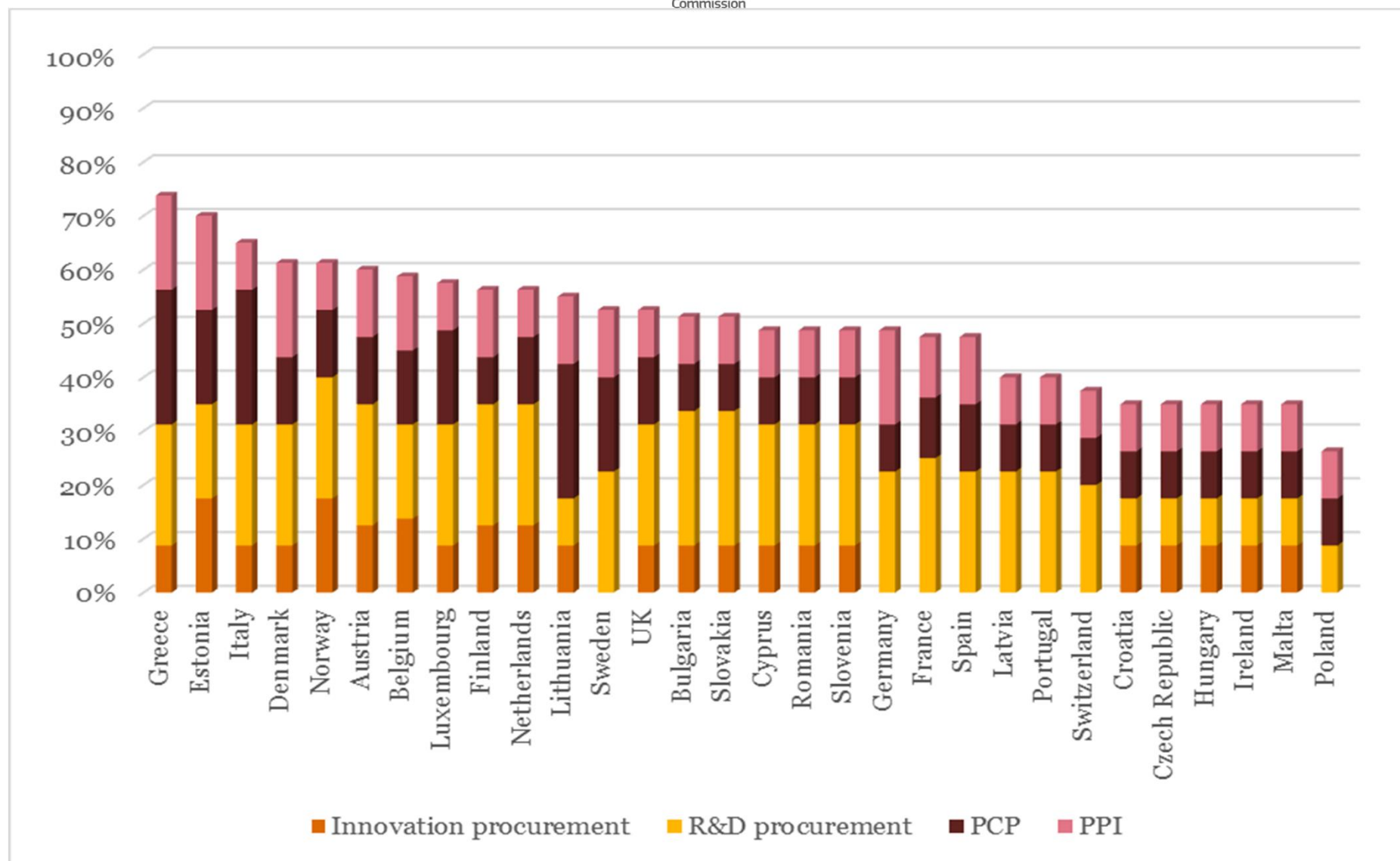
*Indicator 1 is composed by four sub-indicators:*

- I. Innovation procurement*
- II. R&D procurement*
- III. Pre-Commercial Procurement (PCP)*
- IV. Public Procurement of Innovative solutions (PPI)*

*Each sub-indicator receives a score based on three assessment criteria: (i) existence of an official definition, (ii) coverage, and (iii) coherence with the EU official definition.*



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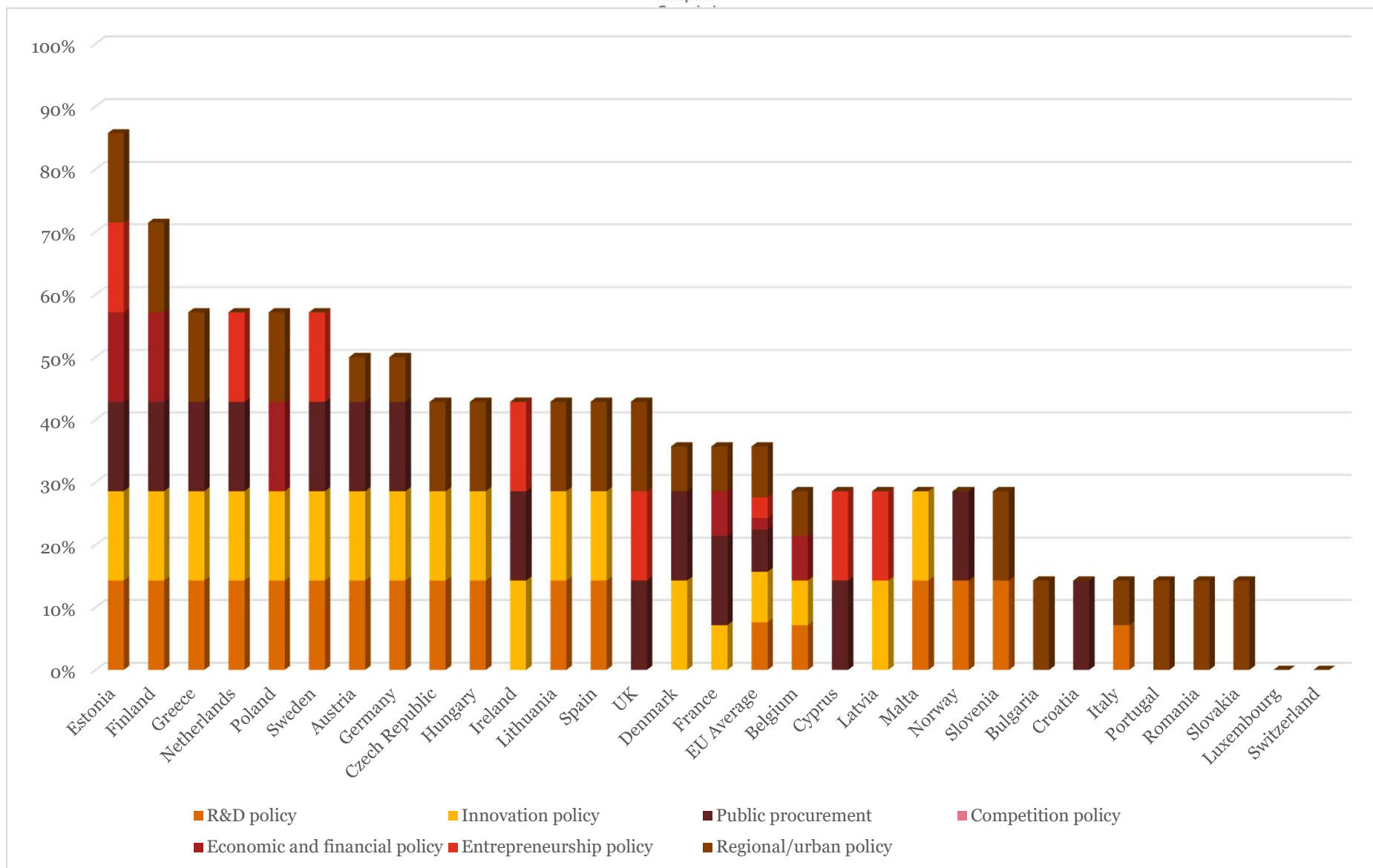


## **Indicator 2 – Horizontal policies**

*Indicator 2 is composed by seven sub-indicators that take into account the extent to which the strategic importance of innovation procurement is endorsed by specific horizontal policy areas in the country:*

- 1. Public procurement policy*
- 2. Entrepreneurship policy*
- 3. Economic and financial policy*
- 4. Competition policy*
- 5. Regional/urban policy*
- 6. R&D policy*
- 7. Innovation policy*

- If innovation procurement is not recognised as important in the horizontal policy's strategy or action plan, the country automatically scores 0%.*
- If it is recognised in a horizontal policy's strategy or action plan that is applicable in the whole country, the country scores 100%. If not 50%*
- If one country includes two or more policy areas under the same strategy, the score will be provided to both sub-indicators.*





## Indicator 8 – Incentives

The indicator entitled “incentives” is composed by two sub-indicators

I. Financial incentives that reduce the financial risk for procurers to undertake more innovation procurements (e.g. via grants, loans, tax incentives, crowd funding etc.)

### Sub-indicator “financial incentives” composition

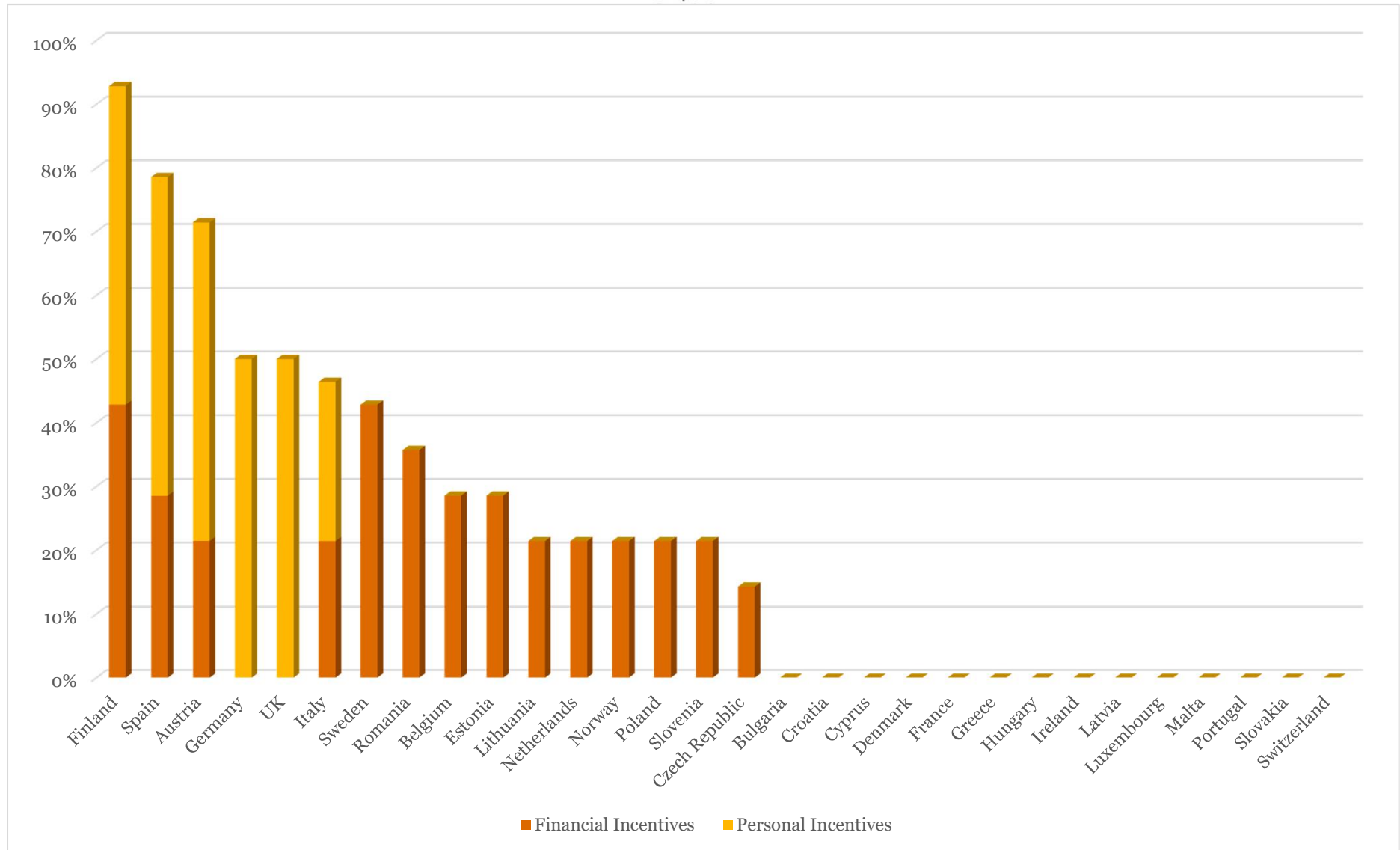
### Scores

Existence of financial incentives	14,28%
Availability of national financial incentives for cases that can get financial support from the EU (top-up funding on top of EU funding)	14,28%
Availability of national financial incentives for cases that cannot get financial support from the EU	14,28%
Dedicated ESI funds mobilised for innovation procurement	14,28%
Directed to all types of innovation procurement	14,28%
Applicable countrywide	14,28%
Designed to foster large scale implementation of innovation procurement	14,28%
Total	100%

### Sub-indicator “personal incentives” possible scores

**100%**

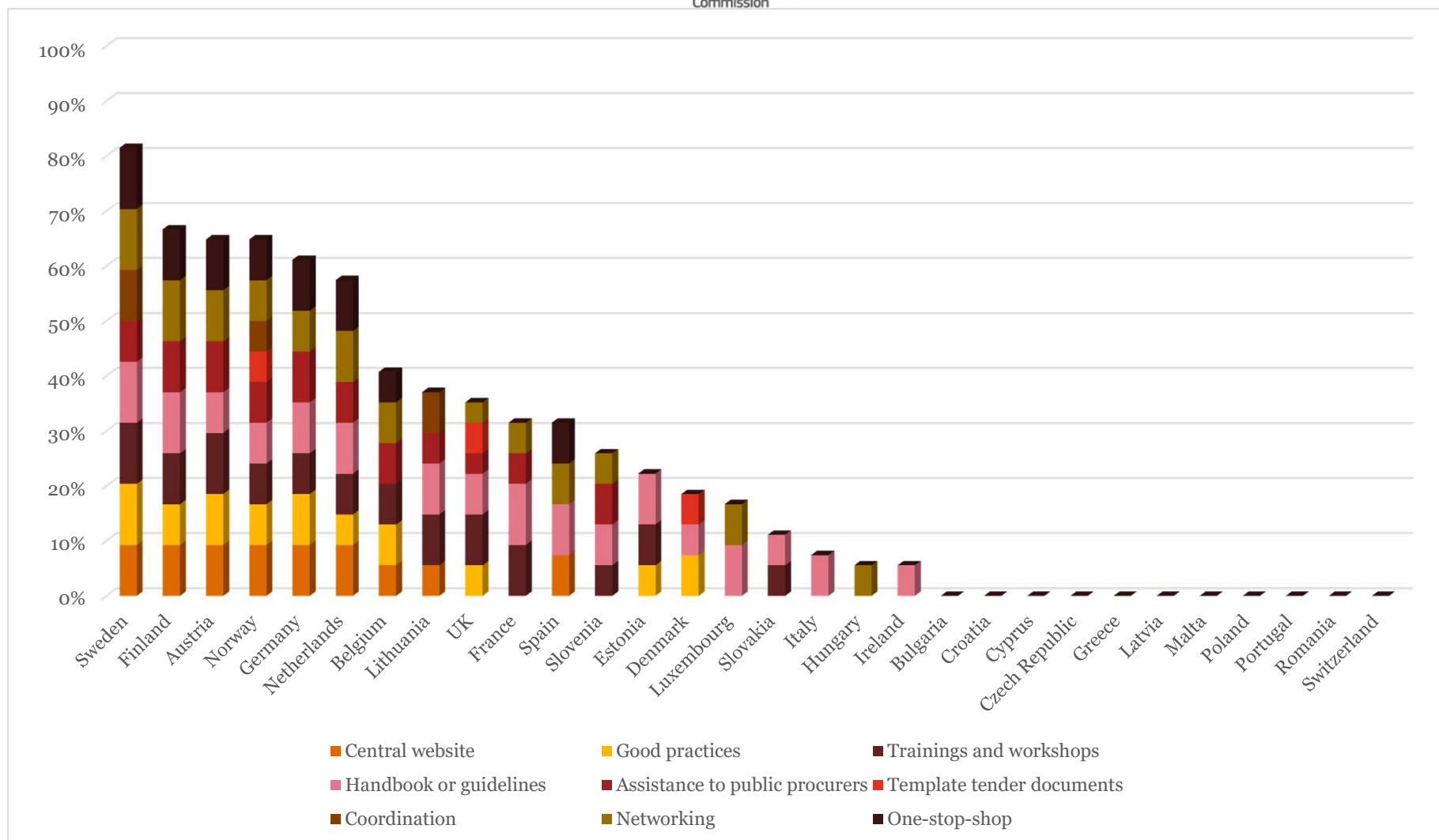
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## **Indicator 9 – Capacity building and assistance measures**

- I. Central website
- II. Good practices: publication by the country of good practices / case examples on innovation procurement
- III. Trainings and workshops: organization by the country of trainings and workshops for public procurers on innovation procurement
- IV. Handbook or guidelines: publication by the country of an official handbook or guidelines on how to implement innovation procurement
- V. Assistance to public procurers
- VI. Template tender documents: publication by the country of template tender documents for public procurers for implementing innovation procurements
- VII. Coordination of procurements: availability of government pre-approval or coordination for the implementation of innovation procurements in the country
- VIII. Networking activities between procurers
- IX. One-stop-shop for public procurers



# ***OVERALL RANKING AND CLUSTERING***

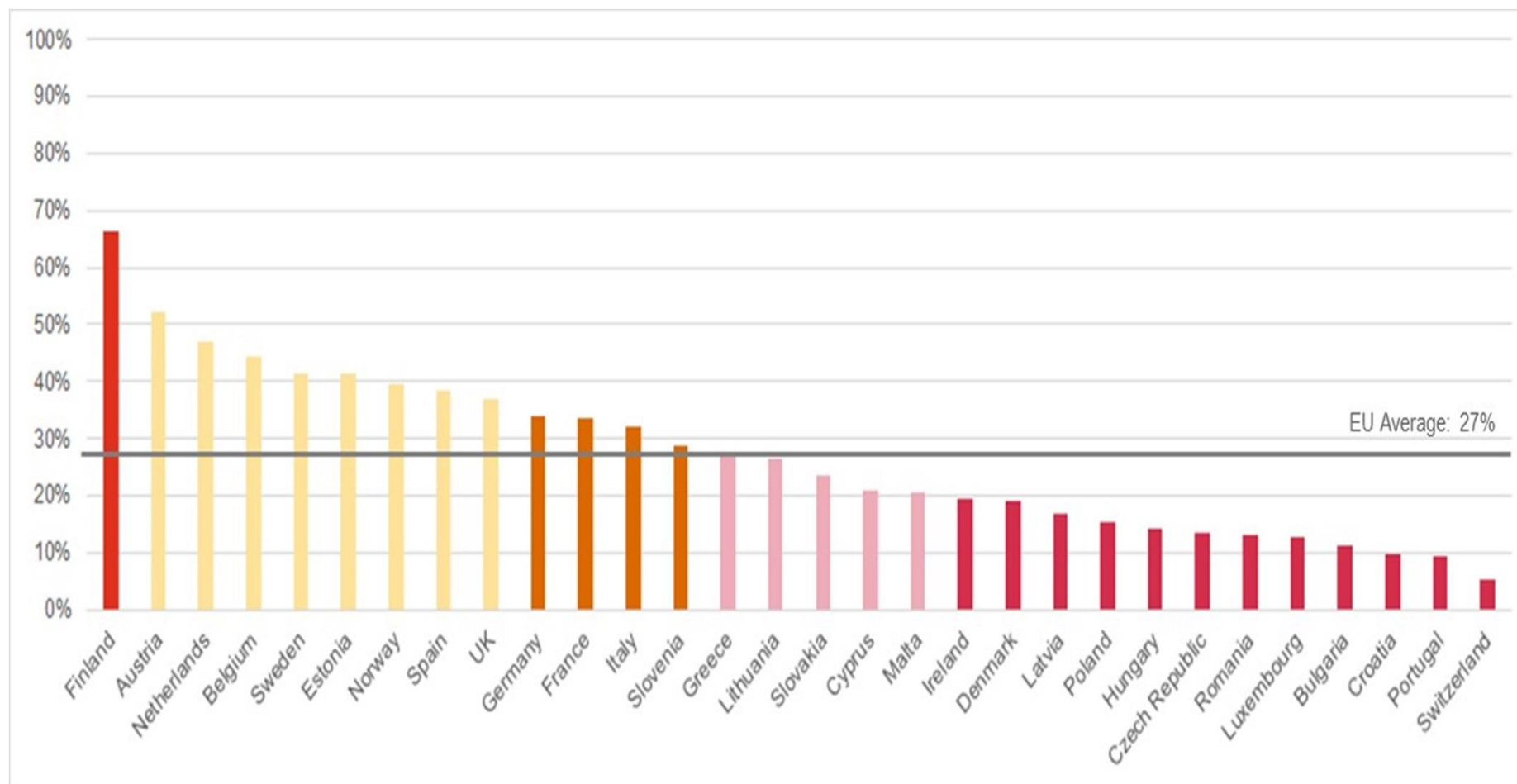


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Country	TOTAL	S-score	Cluster
Finland	66,5%	2,7	Strong performer
Austria	52,3%	1,7	Good performer
Netherlands	46,9%	1,4	Good performer
Belgium	44,4%	1,2	Good performer
Sweden	41,5%	0,1	Good performer
Estonia	41,4%	1,0	Good performer
Norway	39,5%	0,8	Good performer
Spain	38,3%	0,8	Good performer
UK	37,0%	0,7	Good performer
Germany	34,1%	0,5	Moderate performer
France	33,6%	0,4	Moderate performer
Italy	32,3%	0,4	Moderate performer
Slovenia	28,7%	0,1	Moderate performer
Greece	26,9%	-0,02	Modest performer
Lithuania	26,4%	-0,1	Modest performer
Slovakia	23,5%	-0,3	Modest performer
Cyprus	20,8%	-0,4	Modest performer
Malta	20,6%	-0,5	Modest performer
Ireland	19,6%	-0,52	Low performer
Denmark	19,2%	-0,54	Low performer
Latvia	16,7%	-0,7	Low performer
Poland	15,3%	-0,8	Low performer
Hungary	14,4%	-0,9	Low performer
Czech Republic	13,6%	-0,9	Low performer
Romania	13,3%	-1,0	Low performer
Luxembourg	12,6%	-1,0	Low performer
Bulgaria	11,1%	-1,1	Low performer
Croatia	9,6%	-1,2	Low performer
Portugal	9,5%	-1,2	Low performer
Switzerland*	5,3%	-1,5	Low performer



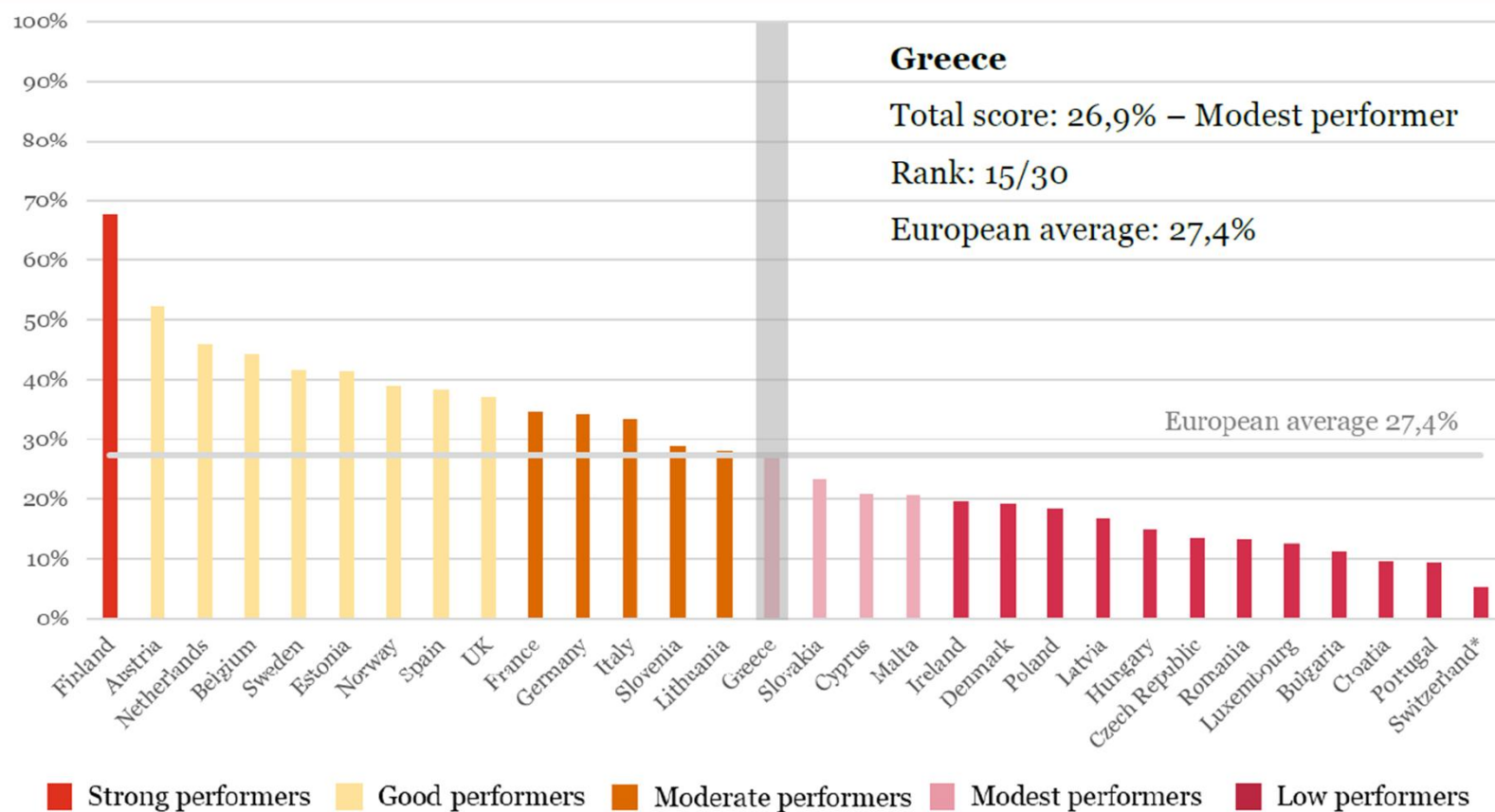
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Strong performers Good performers Moderate performers Modest performers Low performers

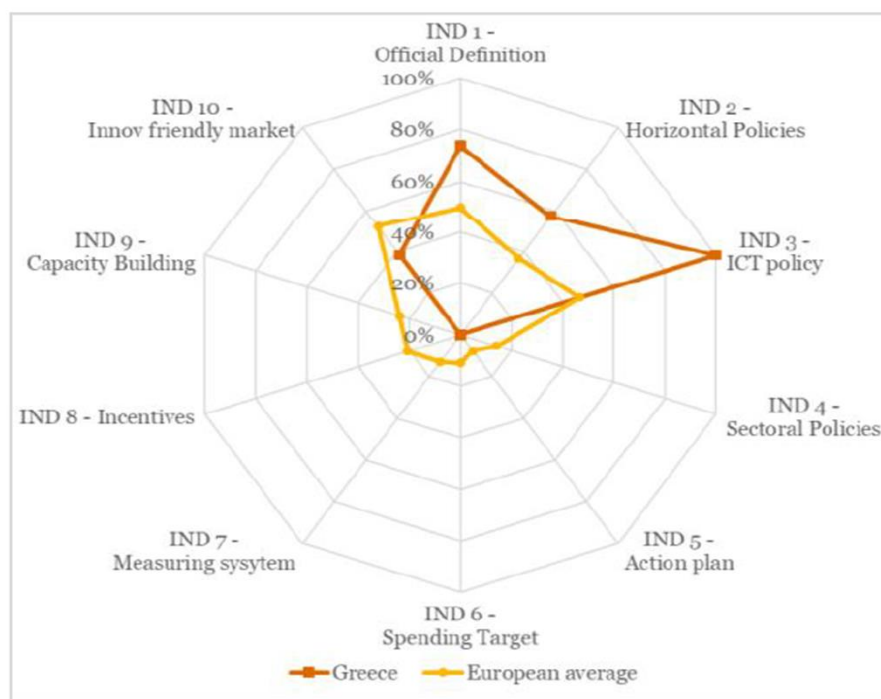


## Overall ranking



## Innovation Procurement Policy Framework Benchmarking (2018)

In the benchmarking of national innovation procurement policy frameworks across Europe, Greece is at the 14<sup>th</sup> position of the overall ranking with a total score of 26,9%. From the 30 countries analysed, Greece is among the group of modest performing countries in implementing a mix of policy measures that are conducive for mainstreaming innovation procurement. Having implemented 26,9% % of the policy measures to roll-out a comprehensive policy framework for innovation procurement, there is however still a strong reinforcement of the policy framework needed in Greece to reach its full 100% potential.



**Strength:** In the Greek procurement legal framework there is a definition of PCP that is in line with the EU definition. The commitment to set up a competence centre within the General directorate of public procurement can be considered as a first crucial step to mainstream innovation procurement at national level.

**Weaknesses:** Innovation procurement in Greece is at an early development stage, and most important elements to foster its development are still missing (e.g. capacity building and assistance, action plan, monitoring system, spending target, financial and other incentives for public procurers, etc.). Lack of IPR policy in public procurement that encourages innovation.



# Thank you for your attention Questions ?



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